

Audit Committee

8 March 2022



Report of: Director of Finance

Title: Statement of Accounts Year Ended 31 March 2021

Ward: City Wide

Officer Presenting Report: Denise Murray

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Recommendation

1. Audit Committee approves the Statement of Accounts for the year ended 31 March 2021.

Summary

This report should be considered alongside the final ISA260 report being presented by the Council's external auditor.

The Statement of Accounts sets out the Council's financial position as at the 31 March 2021 along with a summary of its income and expenditure for the year to 31 March 2021. The financial statements are the main method of demonstrating financial accountability and stewardship.

Grant Thornton have substantially completed their audit work on the financial statements, and subject to the resolution of outstanding queries, anticipate issuing an unqualified audit opinion. The audit has identified a number of adjustments to the accounts since the draft Statement was last presented to Members on 25 July 2021. These are summarised in this report.



Policy

None affected by this report.

Consultation

1. **Internal**
Executive Members and senior management
2. **External**
The draft accounts were available for public inspection.

Background and Context

1. Audit Committee considered the draft accounts at its meeting of 25 July 2021. There have been a number of corrections and technical adjustments made to the Statement since its last publication and these are detailed in paragraph 4 below.
2. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.
3. The annual accounts presented for approval have been audited by the external auditors, Grant Thornton, who have reviewed and undertaken significant testing of the financial statements and processes to complete them to ensure they have been prepared in line with regulatory and statutory requirements. Their findings and opinion on the accounts are reported separately as part of their findings report to Audit Committee.
4. The External Auditors, Grant Thornton, propose to issue an unqualified audit opinion on the Council's financial statements. There remain a number of outstanding matters under consideration. Prior to approving the accounts the Auditor requires that the Audit Committee considers the matters raised in the Annual Governance Statement for 2020/21.
5. The Audit has identified several changes to the draft accounts previously circulated. Besides several minor corrections and updates to disclosure notes there are three adjustments impacting on the financial statements,
 - I. The Government are entitled to a proportion of the capital receipts accruing to the Council as a result of the right to buy scheme. In 2020/21 this

amounted to £2.1m. Officers identified an error in the accounting treatment and amended this to correctly reflect the balance outstanding as a creditor in the balance sheet.

II. Market indices are used by the Council's valuation officers to value the Council's dwelling portfolio. These indices are accurate at the point the draft accounts are produced but an exercise is undertaken each year by the External Auditor to ensure no material changes have occurred to those indices which would alter the valuation in the accounts. For 2020/21 the application of more up to date indices resulted in a reduction of £20.5m in the valuation of council dwellings. As this was material, a change has been made to the accounts.

III. For presentational purposes the Council has split the cash and cash equivalent entries in the balance sheet between cash in hand and cash overdrawn. As at the 31 March the Council had a technical overdraft of £20.7m. This reflects the fact that BACs payments, although uncleared, had been actioned by the Council on the 30th and 31st March. This money had not yet left the Council's bank account but had been correctly reflected as such in the financial system. The payments then cleared after the end of the financial year.

7. The post balance sheet event note has been updated to reflect the winding up of Bristol Energy.

8. Attached at Appendix 2 is the Letter of Representation. This is provided by the Council in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

Other Options Considered

Not applicable

Risk Assessment

The Statutory Accounts need to be formally published as soon as practicable. This report, together with the Annual Governance Statement, forms part of the assurance process.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1 Statement of Accounts 2020/21

Appendix 2 Letter of Representation

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Final Accounts working papers held in Corporate Finance